



**Department of  
Veterans Affairs**

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# **Fact Sheet**

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## **VA Disability Claims Processing**

The Department of Veterans Affairs (VA) fulfills the government's obligation to help those who leave the military injured or ill. In service to their country, military members give up the right to decline dangerous assignments. Their occupations lack conventional workers compensation coverage.

Administered through a network of 57 VA regional offices, disability compensation benefits cover chronic illnesses or injuries incurred during or worsened by military service. It is one of the VA's most extensive benefits and among the most complex, posing a challenge to timely service.

Current payment rates and background on the basis for determining the severity of a disability are available at <http://www.va.gov/OPA/fact/05comprates.asp>.

In fiscal year 2004, more than 703,000 veterans received decisions on their disability claims, and an additional 752,800 beneficiaries received decisions on claims not requiring a rating decision. VA added approximately 62,000 beneficiaries to its compensation and pension rolls, bringing the total number of beneficiaries of VA compensation and pension to nearly 3.5 million. Compensation and pension payments last year exceeded \$30 billion.

VA has made a commitment to keeping its rating claims inventory to 250,000 claims with an average processing time of 145 days. As recently as 2002, VA had more than 432,000 disability claims pending and a processing time in excess of 233 days. A September 2003 decision by the Federal Circuit Court significantly affected both workload and the timeliness of VA decisions in 2004. The decision held that denial of a claim is premature before the expiration of the one-year period established by the Veterans Claims Assistance Act of 2000. As a result, decisions on more than 62,000 claims were deferred, many for as much as 90 days or longer. A provision of the Veterans Benefits Act of 2003 subsequently allowed VA to issue decisions on all of those cases deferred. VA's disability claims inventory is currently approximately 336,000, and the timeliness of completed claims is once again declining with average processing speed at 171 days. The inventory is also affected by an increasing volume of claims from veterans who served in Iraq and Afghanistan.

**- More -**

## **Claims Processing 2/2/2/2**

### **Claims Processing Improvement Task Force Spur Reforms**

In response to a growing backlog of disability claims, coupled with an increasing number of days required to render a decision, VA commissioned a task force to study the processing methods and other performance drivers within the Veterans Benefits Administration and to make recommendations for corrective action. The Claims Processing Improvement Task Force made a number of recommendations early in fiscal year 2002. Key was the recommendation to shift the work processing method from the case management concept to that of the claims process improvement (CPI) model. The CPI model changed the manner in which claims are processed.

The CPI model differs from the case management model in a number of ways. For one thing, the CPI model allows for specialization of processing through the use of six specialized teams. Four of these teams address specific, critical cycles in claims processing: triage, pre-determination, rating, and post-determination. Two additional teams address important areas related to the process itself: Public Contact and Appeals. By shifting from an individual focus to a process focus, a number of improvements were gained. First, it became easier to spot process or flow disruptions since the work was organized around process flow and not individual assignments. Second, training and development could be very specific and focused. Third, the tools to monitor inventory were more effective in a process environment versus a case managed environment.

The Claims Processing Improvement Task Force also made a significant number of additional recommendations, the majority of which have been implemented. Additional information is available at <http://www.va.gov/opa/fact/claimstf>. Taken together, these recommendations created an integrated performance management system that not only complements the CPI model but has greatly enhanced the outcome.

### **Accountability, Performance Management Key to Reforms**

The concept of accountability was a hallmark of the Task Force report. The specific methods used to convert the accountability concept to reality were in four linked areas.

- First, performance became a factor in resource allocation. Prior to CPI, resource allocation was based upon expected workload as well as other factors generally related to the existing inventory. The new Resource Allocation Model provides more resources to those offices that demonstrate sustained high performance and increased productivity. This would ultimately be a large driver for those offices achieving very high performance.

- More -

## Claims Processing 3/3/3/3

- Second, the prior method of annual office evaluations was abandoned in favor of very detailed monthly targets for VA regional offices. These targets covered a vast array of performance measures including output, inventory, quality, older cases, and two measures for timeliness (a leading indicator and a lagging indicator). Offices were tracked each month with respect to progress toward meeting these targets. Focus on these targets became a significant driver in improving performance.
- Third, these targets were integrated into the performance plans of each VA Regional Office director. This linkage of resources and clear expectations with a rapid feedback cycle for results had a dramatic affect on performance, particularly rating output.
- Fourth, VA developed a sophisticated reward and recognition system with three levels of recognition. High performing offices could receive significant award money for performing at levels well above the national averages. A study by a VA team reviewing cycle time in VA has looked at the impact of these performance drivers in VA and concluded that they are making a significant difference.

There were two other drivers of performance that worked in concert with the integrated performance management system. These also had their genesis in the recommendations from the Task Force. The first involved dynamic brokering of claim work from offices unable to keep pace to offices with excess capacity or to teams specifically developed to work bordered cases. VA developed both a network of resource centers, teams within certain offices whose mission was to work brokered cases, and a Tiger Team dedicated to processing cases involving older veterans whose claims had been pending more than one year.

VA developed a number of automated tools specifically aimed at improving process cycle times. These include the Inventory Management system, the Modern Award Processing-Development tool, and a number of specific reports generated weekly and monthly that allow VA Central Office and field managers to monitor progress toward goals as well as spot cycle time delays in time to take corrective actions.

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